

## Message Text

PAGE 01 STATE 206798  
ORIGIN AF-04

INFO OCT-01 SS-14 ISO-00 EB-04 IO-06 TRSE-00 NEA-07  
EUR-08 SSO-00 NSCE-00 INR-05 PRS-01 INRE-00 SIG-01  
L-01 /052 R

DRAFTED BY AF/EPS:CCUNDIFF:SFB  
APPROVED BY AF:WHARROP  
AF:WBEDMONDSON  
EB:PBOEKER  
IO:CFRANK  
TREASURY:ANACHMANOFF (SUBS)  
NEA:SPALMER (SUBS) )  
E:RCOOPER (INFO)  
EUR: RVINE (SUBS

-----110568 301018Z /13-12

O 300838Z AUG 77 ZFF4  
FM SECSTATE WASHDC  
TO AMEMBASSY OSLO NIACT IMMEDIATE  
AMEMBASSY STOCKHOLM NIACT IMMEDIATE  
AMEMBASSY COPENHAGEN NIACT IMMEDIATE  
AMEMBASSY BONN IMMEDIATE  
AMEMBASSY TOKYO IMMEDIATE  
AMEMBASSY PARIS IMMEDIATE  
AMEMBASSY OTTAWA IMMEDIATE  
AMEMBASSY CANBERRA IMMEDIATE  
AMEMBASSY TEHRAN IMMEDIATE  
AMEMBASSY JIDDA IMMEDIATE  
AMEMBASSY ROME IMMEDIATE  
AMEMBASSY THE HAGUE IMMEDIATE  
AMEMBASSY BRUSSELS IMMEDIATE  
AMEMBASSY WELLINGTON IMMEDIATE  
AMEMBASSY KUWAIT IMMEDIATE  
AMEMBASSY DUBLIN IMMEDIATE  
AMEMBASSY LUXEMBOURG IMMEDIATE  
AMEMBASSY ABU DHABI IMMEDIATE  
INFO USMISSION USUN NY IMMEDIATE  
CONFIDENTIAL

PAGE 02 STATE 206798

AMEMBASSY LONDON IMMEDIATE  
AMEMBASSY PRETORIA IMMEDIATE  
AMEMBASSY LUSAKA IMMEDIATE  
AMEMBASSY NAIROBI IMMEDIATE  
AMEMBASSY DAR ES SALAAM IMMEDIATE

C O N F I D E N T I A L STATE 206798

LIMDIS PRETORIA/DAR ES SALAAM/NAIROBI FOR ASST. SECRETARY MOOSE

E.O. 11652: GDS

TAGS: PDEV, RH

SUBJECT:ANNEX C (DESCRIPTION OF THE ZIMBABWE DEVELOPMENT FUND) OF BRITISH WHITE PAPER ON RHODESIAN SETTLEMENT PROPOSALS

ANNEX C: DESCRIPTION OF THE ZIMBABWE DEVELOPMENT FUND

1. A POLITICAL SETTLEMENT IN RHODESIA, INVOLVING FIRST AN INTERIM GOVERNMENT AND LATER AN INDEPENDENT GOVERNMENT OF ZIMBABWE, WOULD REMOVE A SOURCE OF ACUTE CONFLICT AND HELP ESTABLISH A CLIMATE CONDUCTIVE TO ECONOMIC DEVELOPMENT IN CENTRAL AND SOUTHERN AFRICA. A POLITICAL SETTLEMENT, HOWEVER, WILL SET IN MOTION AN ECONOMIC TRANSITION WHICH WILL BE MOST EFFECTIVE IF ACCOMPANIED BY MEASURES DESIGNED TO REALIZE THE GROWTH POTENTIAL OF THE ECONOMY AND RAPIDLY IMPROVE OPPORTUNITIES FOR ALL THE POPULATION OF ZIMBABWE. THE RESPONSIBILITY FOR THE NECESSARY ECONOMIC MEASURES AFTER INDEPENDENCE WILL REST PRIMARILY WITH THE NEW GOVERNMENT, BUT IT IS ALREADY EVIDENT, IN SPITE OF THE SPARSE DETAIL AT PRESENT AVAILABLE ABOUT THE CONFIDENTIAL

PAGE 03 STATE 206798

PRESENT STATE AND FUTURE PROSPECTS OF THE ECONOMY, THAT SUBSTANTIAL INTERNATIONAL ECONOMIC ASSISTANCE AND EXTERNAL PRIVATE INVESTMENT WILL BE NEEDED.

2. WHEN A POLITICAL SETTLEMENT IS ACHIEVED, THE LIFTING OF SANCTIONS, COMBINED WITH AID, WILL PROVIDE BOTH ZIMBABWE AND ITS NEIGHBORS WITH NEW DEVELOPMENT PROSPECTS. DIFFERENT TRADE AND TRANSPORT PATTERNS WILL BE ESTABLISHED. AFRICAN ZIMBABWEANS SHOULD HAVE EXPANDED ACCESS TO BETTER JOBS IN MINING, INDUSTRY, COMMERCE AND THE PUBLIC SERVICE. MORE BALANCED PATTERNS OF OWNERSHIP FOR FARMS, HOUSES AND BUSINESSES WILL EMERGE. EXTERNAL ASSISTANCE CAN HELP THE PEOPLE OF ZIMBABWE EFFECT THE SOCIAL AND ECONOMIC CHANGES REQUIRED TO TAKE ADVANTAGE OF THESE NEW OPPORTUNITIES FOR A MORE PROSPEROUS AND BALANCED ECONOMY.

3. THE ABILITY OF AN INDEPENDENT GOVERNMENT OF ZIMBABWE TO RAISE THE LIVING STANDARDS OF THE POOR MAJORITY DEPENDS NOT ONLY ON THE DEVELOPMENT OF THE TRADITIONAL SECTOR BUT ALSO ON EFFECTIVE ADMINISTRATION AND A HIGH LEVEL OF OUTPUT IN THE MODERN SECTOR, WHICH ACCOUNTS FOR THE GREATER PART OF RHODESIA'S EXPORT EARNINGS, INTERNAL REVENUES, DOMESTIC PRODUCTION OF CONSUMER GOODS, AND WAGE EMPLOYMENT OF AFRICAN ZIMBABWEANS. IT IS, THEREFORE, OF THE GREATEST IMPORTANCE TO FIND WAYS TO FACILITATE THE ECONOMIC TRANSITION WHILE MINIMIZING ITS DISRUPTIVE EFFECT ON THE POTENTIAL FOR ECONOMIC GROWTH. IT IS CRUCIAL THAT

SKILLED WORKERS AND MANAGERIAL PERSONNEL ARE ENCOURAGED TO CONTINUE TO CONTRIBUTE TO THE WELFARE AND PROSPERITY OF THE ECONOMY.

4. THE UNITED STATES AND GREAT BRITAIN HAVE, THEREFORE, AGREED TO COOPERATE IN HELPING TO ORGANIZE AN

INTERNATIONAL ECONOMIC EFFORT IN SUPPORT OF A RHODESIAN SETTLEMENT. THEY PROPOSE THE ESTABLISHMENT OF A ZIMBABWE  
CONFIDENTIAL

PAGE 04 STATE 206798

DEVELOPMENT FUND. THE PURPOSE OF THIS FUND WOULD BE TO ASSIST THE NEW GOVERNMENT TO PROMOTE:

(I) BALANCED ECONOMIC AND SOCIAL DEVELOPMENT IN ZIMBABWE;

(II) RAPID EXPANSION OF ECONOMIC OPPORTUNITIES FOR AND SKILLS OF THE AFRICAN MAJORITY;

(III) BASIC ECONOMIC SECURITY FOR ALL SECTIONS OF THE POPULATION SO THAT THEY MIGHT CONTINUE TO CONTRIBUTE THEIR SKILLS AND ENTHUSIASM TO THE DEVELOPMENT OF THE COUNTRY.

5. THE FUND WOULD RESPOND TO REQUESTS FROM THE ZIMBABWE GOVERNMENT TO SUPPORT SPECIFIC PROPOSALS FOR DEVELOPMENT PROJECTS AND PROGRAMS, FOR EXAMPLE, IN AGRICULTURAL AND LAND REFORM, EDUCATION AND TRAINING, AND SOCIAL AND ECONOMIC INFRASTRUCTURE. ITS EFFORTS SHOULD ENCOURAGE COMMERCIAL CAPITAL FLOWS, ESPECIALLY IN EXTRACTIVE, PROCESSING, AND MANUFACTURING INDUSTRIES, SUPPORTED AS APPROPRIATE BY NATIONAL EXPORT CREDIT AND INVESTMENT INSURANCE AGENCIES. THE FUND SHOULD BE PREPARED TO PROVIDE BALANCE OF PAYMENTS SUPPORT DURING THE PERIOD OF ECONOMIC TRANSITION, ESPECIALLY TO ENABLE THE GRADUAL RETURN TO NORMAL EXTERNAL RELATIONS AFTER THE LIFTING OF SANCTIONS. THE FUND COULD ALSO PROVIDE SUPPORT FOR, AND TAKE INTO ACCOUNT THE BALANCE OF PAYMENTS IMPLICATIONS OF, PROGRAMS DESIGNED TO ENCOURAGE SKILLED LABOR AND MANAGERIAL PERSONNEL TO CONTRIBUTE TO ZIMBABWE DEVELOPMENT AND TO EFFECT A SMOOTH TRANSITION TO A MORE BALANCED PATTERN OF ACCESS TO OWNERSHIP OF FARMS, HOUSES, AND BUSINESSES.

6. THE FUND SHOULD BE ESTABLISHED AS SOON AS POSSIBLE  
CONFIDENTIAL

PAGE 05 STATE 206798

AFTER THE ESTABLISHMENT OF AN INTERIM GOVERNMENT IN RHODESIA. EVEN BEFORE IT BEGAN TO BE FUNDED TO ANY CONSIDERABLE EXTENT, THE FUND COULD BEGIN WORKING WITH DEVELOPMENTAL INSTITUTIONS, EITHER ALREADY EXISTING OR TO

BE ESTABLISHED BY THE ZIMBABWE GOVERNMENT. THE FUND COULD ASSIST BOTH THE INTERIM GOVERNMENT AND THE INDEPENDENT GOVERNMENT OF ZIMBABWE TO PLAN DEVELOPMENT PROJECTS AND PROGRAMS CONSISTENT WITH THE POLITICAL CHANGES WHICH WILL HAVE TAKEN PLACE WITHOUT DISRUPTION OF THE ECONOMY. THE FUND COULD, IN THE INITIAL PERIOD, ALSO COORDINATE BILATERAL DEVELOPMENT ASSISTANCE, ESPECIALLY IN THE TRAINING OF AFRICANS IN TECHNICAL AND ADMINISTRATIVE SKILLS.

7. SINCE SPECIFIC DEVELOPMENT PROJECTS AND PROGRAMS FOR AN INDEPENDENT ZIMBABWE ARE NOT YET AVAILABLE, A PRECISE QUANTIFICATION OF THE RESOURCES NEEDED BY THE FUND IS NOT POSSIBLE. A PRELIMINARY ASSESSMENT, HOWEVER, SUGGESTS THAT CONTRIBUTIONS, ON CONCESSIONARY TERMS, FROM THOSE GOVERNMENTS WILLING TO PARTICIPATE IN THE FUND SHOULD BE AT A MINIMUM APPROACHING ONE BILLION DOLLARS AND AT A MAXIMUM RATHER LESS THAN ONE AND A HALF BILLION DOLLARS. THE FUND'S OBJECTIVES, AND THE FACT THAT EXPERIENCE SHOWS THAT ECONOMIC DEVELOPMENT PROJECTS TAKE A LONG TIME TO MATURE, WILL MAKE IT NECESSARY TO ENVISAGE A FAIRLY LONG PERIOD OF DISBURSEMENT OF THE FUND'S RESOURCES. IT IS SUGGESTED, HOWEVER, IN ORDER THAT THE MANAGEMENT OF THE FUND CAN PLAN ITS OPERATIONS IN THE KNOWLEDGE OF THE TOTAL AMOUNT OF ITS RESOURCES AND SO THAT IT CAN MEET EXTRAORDINARY BALANCE OF PAYMENTS DEMANDS ON ITS RESOURCES DURING AN ECONOMIC TRANSITION, CONTRIBUTIONS BY PARTICIPATING GOVERNMENTS SHOULD BE MADE OVER A FIVE-YEAR PERIOD WITH THE LIKELIHOOD OF A LONGER PERIOD OF ACTUAL DISBURSEMENT IN MIND.

8. FLOWS OF BILATZRAL CONCESSIONAL AID COULD, IT IS SUGGESTED, BE COUNTED AS PART OF THEIR CONTRIBUTION TO THE FUND, BUT THE GREATER PART OF EACH COUNTRY'S CONTRIBUTION, AT LEAST DURING THE FIRST FIVE YEARS OF ITS OPERATION, SHOULD BE DIRECT TO THE FUND. ON THIS BASIS, INITIAL FINANCE ENVISAGED FOR THE FUND MIGHT BE SAY TWO-THIRDS OVER A FIVE-YEAR PERIOD IN CASH OR IN PROMISSORY NOTES, AND SAY ONE-THIRD ON CALL IF THE MANAGEMENT OF THE FUND SHOULD REQUIRE IT FOR THE FULFILLMENT OF ITS LONGER-TERM OBJECTIVES. THE METHOD BY WHICH THE CONTRIBUTIONS WERE MADE CAN BE DISCUSSED BETWEEN GOVERNMENTS AND NEED NOT NECESSARILY BE UNIFORM: FOR EXAMPLE, SOME GOVERNMENTS MIGHT PREFER TO CONTRIBUTE CASH AT REGULAR INTERVALS IN EQUAL INSTALLMENTS. OTHERS MIGHT PREFER TO MAKE AVAILABLE PROMISSORY NOTES FOR ENCASHMENT AS DISBURSEMENTS BY THE FUND REQUIRE, A METHOD PERMITTED IN REPLENISHMENT OF THE RESOURCES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION. THE QUESTIONS OF THE CURRENCIES IN WHICH CONTRIBUTIONS SHOULD BE MADE, THE DEGREE AND STRUCTURE OF ANY

PAGE 06 STATE 206798

GESTED, BE COUNTED AS PART OF THEIR CONTRIBUTION TO THE FUND, BUT THE GREATER PART OF EACH COUNTRY'S CONTRIBUTION, AT LEAST DURING THE FIRST FIVE YEARS OF ITS OPERATION, SHOULD BE DIRECT TO THE FUND. ON THIS BASIS, INITIAL FINANCE ENVISAGED FOR THE FUND MIGHT BE SAY TWO-THIRDS OVER A FIVE-YEAR PERIOD IN CASH OR IN PROMISSORY NOTES, AND SAY ONE-THIRD ON CALL IF THE MANAGEMENT OF THE FUND SHOULD REQUIRE IT FOR THE FULFILLMENT OF ITS LONGER-TERM OBJECTIVES. THE METHOD BY WHICH THE CONTRIBUTIONS WERE MADE CAN BE DISCUSSED BETWEEN GOVERNMENTS AND NEED NOT NECESSARILY BE UNIFORM: FOR EXAMPLE, SOME GOVERNMENTS MIGHT PREFER TO CONTRIBUTE CASH AT REGULAR INTERVALS IN EQUAL INSTALLMENTS. OTHERS MIGHT PREFER TO MAKE AVAILABLE PROMISSORY NOTES FOR ENCASHMENT AS DISBURSEMENTS BY THE FUND REQUIRE, A METHOD PERMITTED IN REPLENISHMENT OF THE RESOURCES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION. THE QUESTIONS OF THE CURRENCIES IN WHICH CONTRIBUTIONS SHOULD BE MADE, THE DEGREE AND STRUCTURE OF ANY

ARRANGEMENT FOR TYING OF PROCUREMENT IN THE PARTICIPATING COUNTRIES AND PROVISION FOR THE LOCAL COSTS OF DEVELOPMENT PROJECTS CAN BE THE SUBJECT OF INTERGOVERNMENTAL CONSULTATION. THE NATURE OF THE ECONOMIC ASSISTANCE EXTENDED BY THE FUND SHOULD BE SUCH THAT THE CONTRIBUTIONS OF PARTICIPATING GOVERNMENTS WOULD BE EXPECTED TO QUALIFY AS OFFICIAL DEVELOPMENT ASSISTANCE IN ACCORDANCE WITH THE CRITERIA OF THE DEVELOPMENT ASSISTANCE COMMITTEE.

9. ON THIS BASIS, THE GOVERNMENT OF THE UNITED STATES WOULD, SUBJECT TO THE AUTHORIZATION AND APPROPRIATION OF FUNDS BY THE US CONGRESS, BE PREPARED TO CONTRIBUTE 40 PERCENT OF THE TOTAL RESOURCES OF THE FUND UP TO A MAXIMUM OF DOLS. 520 MILLION, THE MAJOR PART A DIRECT CONFIDENTIAL

PAGE 07 STATE 206798

TRIBUTION TO THE FUND AND THE REST IN THE FORM OF BILATERAL ASSISTANCE; AND THE GOVERNMENT OF THE UNITED KINGDOM WOULD BE PREPARED, SUBJECT TO PARLIAMENTARY APPROVAL, TO CONTRIBUTE 15 PERCENT OF THE RESOURCES PROVIDED DIRECTLY TO THE FUND, UP TO A MAXIMUM OF 75 MILLION POUNDS, AND IN ADDITION TO PROVIDE 41 MILLION POUNDS OF BILATERAL AID, OVER A FIVE-YEAR PERIOD. THE US AND BRITISH CONTRIBUTIONS WOULD BE CONDITIONAL ON EACH OTHER AND ON CONTRIBUTIONS BEING FORTHCOMING FROM OTHER COUNTRIES ON AN EQUITABLE BASIS.

10. THE FUND WILL ALSO FACILITATE ACTION BY AGENCIES OF DONOR COUNTRIES TO MAKE APPROPRIATE NON-CONCESSIONAL LOANS AND GUARANTEES TO ENCOURAGE COMMERCIAL TRADE AND PRIVATE INVESTMENT FLOWS TO ZIMBABWE. THESE WOULD BE ADDITIONAL TO THE CONCESSIONARY CONTRIBUTIONS DISCUSSED ABOVE. THE FUND COULD ALSO PROVIDE SUPPORT FOR REGIONAL DEVELOPMENT PROJECTS AND TAKE PART IN ANY CONSORTIUM OR CONSULTATIVE GROUP ESTABLISHED TO COORDINATE DEVELOPMENT ASSISTANCE TO ZIMBABWE AND RELATE IT TO DEVELOPMENT AID TO THE SOUTHERN AFRICA REGION AS A WHOLE.

11. IT IS ENVISAGED THAT THE WORLD BANK WOULD MANAGE THE FUND'S RESOURCES AS AN AGENT OF THE FUND. MATTERS OF POLICY WOULD BE DISCUSSED AND DECIDED BY A GOVERNING BODY, WHICH MIGHT BE COMPOSED OF THE IBRD EXECUTIVE DIRECTORS REPRESENTING THE GOVERNMENTS CONTRIBUTING TO THE FUND, TOGETHER WITH REPRESENTATION FROM THE ZIMBABWE GOVERNMENT. VANCE

CONFIDENTIAL

PAGE 01 STATE 206798  
ORIGIN AF-04

INFO OCT-01 SS-05 ISO-00 SIG-01 SSO-00 /011 R

66011

DRAFTED BY AF/S:JDAVIDOW:DH

APPROVED BY AF:WEDMONDSON

AF/S:DKEOGH

-----009657 010220Z /75

O 010120Z SEP 77

FM SECSTATE WASHDC

TO ALL AFRICAN DIPLOMATIC POSTS IMMEDIATE

C O N F I D E N T I A L STATE 206798

LIMDIS INFORM CONSULS AS APPROPRIATE

FOLLOWING REPEAT STATE 206798 ACTION OSLO STOCKHOLM COPENHAGEN  
BONN TOKYO PARIS OTTAWA CANBERRA TEHRAN JIDDA ROME THE HAGUE  
BRUSSELS WELLINGTON KUWAIT DUBLIN LUXEMBOURG ABU DHABI USUN  
LONDON PRETORIA LUSAKA NAIROBI DAR ES SALAAM 30 AUG 77

QUOTE

C O N F I D E N T I A L STATE 206798

LIMDIS PRETORIA/DAR ES SALAAM/NAIROBI FOR ASST. SECRETARY MOOSE

E.O. 11652: GDS

TAGS: PDEV, RH

SUBJECT:ANNEX C (DESCRIPTION OF THE ZIMBABWE DEVELOPMENT  
FUND) OF BRITISH WHITE PAPER ON RHODESIAN SETTLEMENT  
PROPOSALS

ANNEX C: DESCRIPTION OF THE ZIMBABWE DEVELOPMENT FUND  
CONFIDENTIAL

PAGE 02 STATE 206798

1. A POLITICAL SETTLEMENT IN RHODESIA, INVOLVING FIRST AN  
INTERIM GOVERNMENT AND LATER AN INDEPENDENT GOVERNMENT OF  
ZIMBABWE, WOULD REMOVE A SOURCE OF ACUTE CONFLICT AND  
HELP ESTABLISH A CLIMATE CONDUCTIVE TO ECONOMIC DEVELOP-  
MENT IN CENTRAL AND SOUTHERN AFRICA. A POLITICAL SETTLE-  
MENT, HOWEVER, WILL SET IN MOTION AN ECONOMIC TRANSITION  
WHICH WILL BE MOST EFFECTIVE IF ACCOMPANIED BY MEASURES  
DESIGNED TO REALIZE THE GROWTH POTENTIAL OF THE ECONOMY  
AND RAPIDLY IMPROVE OPPORTUNITIES FOR ALL THE POPULATION  
OF ZIMBABWE. THE RESPONSIBILITY FOR THE NECESSARY ECONO-  
MIC MEASURES AFTER INDEPENDENCE WILL REST PRIMARILY WITH  
THE NEW GOVERNMENT, BUT IT IS ALREADY EVIDENT, IN SPITE  
OF THE SPARSE DETAIL AT PRESENT AVAILABLE ABOUT THE  
PRESENT STATE AND FUTURE PROSPECTS OF THE ECONOMY, THAT

SUBSTANTIAL INTERNATIONAL ECONOMIC ASSISTANCE AND EXTERNAL PRIVATE INVESTMENT WILL BE NEEDED.

2. WHEN A POLITICAL SETTLEMENT IS ACHIEVED, THE LIFTING OF SANCTIONS, COMBINED WITH AID, WILL PROVIDE BOTH ZIMBABWE AND ITS NEIGHBORS WITH NEW DEVELOPMENT PROSPECTS. DIFFERENT TRADE AND TRANSPORT PATTERNS WILL BE ESTABLISHED. AFRICAN ZIMBABWEANS SHOULD HAVE EXPANDED ACCESS TO BETTER JOBS IN MINING, INDUSTRY, COMMERCE AND THE PUBLIC SERVICE. MORE BALANCED PATTERNS OF OWNERSHIP FOR FARMS, HOUSES AND BUSINESSES WILL EMERGE. EXTERNAL ASSISTANCE CAN HELP THE PEOPLE OF ZIMBABWE EFFECT THE SOCIAL AND ECONOMIC CHANGES REQUIRED TO TAKE ADVANTAGE OF THESE NEW OPPORTUNITIES FOR A MORE PROSPEROUS AND BALANCED ECONOMY.

3. THE ABILITY OF AN INDEPENDENT GOVERNMENT OF ZIMBABWE TO RAISE THE LIVING STANDARDS OF THE POOR MAJORITY DEPENDS NOT ONLY ON THE DEVELOPMENT OF THE TRADITIONAL

CONFIDENTIAL

PAGE 03 STATE 206798

SECTOR BUT ALSO ON EFFECTIVE ADMINISTRATION AND A HIGH LEVEL OF OUTPUT IN THE MODERN SECTOR, WHICH ACCOUNTS FOR THE GREATER PART OF RHODESIA'S EXPORT EARNINGS, INTERNAL REVENUES, DOMESTIC PRODUCTION OF CONSUMER GOODS, AND WAGE EMPLOYMENT OF AFRICAN ZIMBABWEANS. IT IS, THEREFORE, OF THE GREATEST IMPORTANCE TO FIND WAYS TO FACILITATE THE ECONOMIC TRANSITION WHILE MINIMIZING ITS DISRUPTIVE EFFECT ON THE POTENTIAL FOR ECONOMIC GROWTH. IT IS CRUCIAL THAT SKILLED WORKERS AND MANAGERIAL PERSONNEL ARE ENCOURAGED TO CONTINUE TO CONTRIBUTE TO THE WELFARE AND PROSPERITY OF THE ECONOMY.

4. THE UNITED STATES AND GREAT BRITAIN HAVE, THEREFORE, AGREED TO COOPERATE IN HELPING TO ORGANIZE AN

INTERNATIONAL ECONOMIC EFFORT IN SUPPORT OF A RHODESIAN SETTLEMENT. THEY PROPOSE THE ESTABLISHMENT OF A ZIMBABWE DEVELOPMENT FUND. THE PURPOSE OF THIS FUND WOULD BE TO ASSIST THE NEW GOVERNMENT TO PROMOTE:

(I) BALANCED ECONOMIC AND SOCIAL DEVELOPMENT IN ZIMBABWE;

(II) RAPID EXPANSION OF ECONOMIC OPPORTUNITIES FOR AND SKILLS OF THE AFRICAN MAJORITY;

(III) BASIC ECONOMIC SECURITY FOR ALL SECTIONS OF THE POPULATION SO THAT THEY MIGHT CONTINUE TO CONTRIBUTE THEIR SKILLS AND ENTHUSIASM TO THE DEVELOPMENT OF THE COUNTRY.

5. THE FUND WOULD RESPOND TO REQUESTS FROM THE ZIMBABWE GOVERNMENT TO SUPPORT SPECIFIC PROPOSALS FOR DEVELOPMENT PROJECTS AND PROGRAMS, FOR EXAMPLE, IN AGRICULTURAL AND

LAND REFORM, EDUCATION AND TRAINING, AND SOCIAL AND ECONOMIC INFRASTRUCTURE. ITS EFFORTS SHOULD ENCOURAGE COMMERCIAL CAPITAL FLOWS, ESPECIALLY IN EXTRACTIVE, PROCESSING, AND MANUFACTURING INDUSTRIES, SUPPORTED AS  
CONFIDENTIAL

PAGE 04 STATE 206798

APPROPRIATE BY NATIONAL EXPORT CREDIT AND INVESTMENT INSURANCE AGENCIES. THE FUND SHOULD BE PREPARED TO PROVIDE BALANCE OF PAYMENTS SUPPORT DURING THE PERIOD OF ECONOMIC TRANSITION, ESPECIALLY TO ENABLE THE GRADUAL RETURN TO NORMAL EXTERNAL RELATIONS AFTER THE LIFTING OF SANCTIONS. THE FUND COULD ALSO PROVIDE SUPPORT FOR, AND TAKE INTO ACCOUNT THE BALANCE OF PAYMENTS IMPLICATIONS OF, PROGRAMS DESIGNED TO ENCOURAGE SKILLED LABOR AND MANAGERIAL PERSONNEL TO CONTRIBUTE TO ZIMBABWE DEVELOPMENT AND TO EFFECT A SMOOTH TRANSITION TO A MORE BALANCED PATTERN OF ACCESS TO OWNERSHIP OF FARMS, HOUSES, AND BUSINESSES.

6. THE FUND SHOULD BE ESTABLISHED AS SOON AS POSSIBLE AFTER THE ESTABLISHMENT OF AN INTERIM GOVERNMENT IN RHODESIA. EVEN BEFORE IT BEGAN TO BE FUNDED TO ANY CONSIDERABLE EXTENT, THE FUND COULD BEGIN WORKING WITH DEVELOPMENTAL INSTITUTIONS, EITHER ALREADY EXISTING OR TO BE ESTABLISHED BY THE ZIMBABWE GOVERNMENT. THE FUND COULD ASSIST BOTH THE INTERIM GOVERNMENT AND THE INDEPENDENT GOVERNMENT OF ZIMBABWE TO PLAN DEVELOPMENT PROJECTS AND PROGRAMS CONSISTENT WITH THE POLITICAL CHANGES WHICH WILL HAVE TAKEN PLACE WITHOUT DISRUPTION OF THE ECONOMY. THE FUND COULD, IN THE INITIAL PERIOD, ALSO COORDINATE BILATERAL DEVELOPMENT ASSISTANCE, ESPECIALLY IN THE TRAINING OF AFRICANS IN TECHNICAL AND ADMINISTRATIVE SKILLS.

7. SINCE SPECIFIC DEVELOPMENT PROJECTS AND PROGRAMS FOR AN INDEPENDENT ZIMBABWE ARE NOT YET AVAILABLE, A PRECISE QUANTIFICATION OF THE RESOURCES NEEDED BY THE FUND IS NOT POSSIBLE. A PRELIMINARY ASSESSMENT, HOWEVER, SUGGESTS THAT CONTRIBUTIONS, ON CONCESSIONARY TERMS, FROM  
CONFIDENTIAL

PAGE 05 STATE 206798

THOSE GOVERNMENTS WILLING TO PARTICIPATE IN THE FUND SHOULD BE AT A MINIMUM APPROACHING ONE BILLION DOLLARS AND AT A MAXIMUM RATHER LESS THAN ONE AND A HALF BILLION DOLLARS. THE FUND'S OBJECTIVES, AND THE FACT THAT EXPERIENCE SHOWS THAT ECONOMIC DEVELOPMENT PROJECTS TAKE A LONG TIME TO MATURE, WILL MAKE IT NECESSARY TO ENVISAGE A FAIRLY LONG PERIOD OF DISBURSEMENT OF THE FUND'S RESOURCES. IT IS SUGGESTED, HOWEVER, IN ORDER THAT THE MANAGEMENT OF THE FUND CAN PLAN ITS OPERATIONS IN THE KNOWLEDGE OF THE



TOTAL AMOUNT OF ITS RESOURCES AND SO THAT IT CAN MEET EXTRAORDINARY BALANCE OF PAYMENTS DEMANDS ON ITS RESOURCES DURING AN ECONOMIC TRANSITION, CONTRIBUTIONS BY PARTICIPATING GOVERNMENTS SHOULD BE MADE OVER A FIVE-YEAR PERIOD WITH THE LIKELIHOOD OF A LONGER PERIOD OF ACTUAL DISBURSEMENT IN MIND.

8. FLOWS OF BILATZRAL CONCESSIONAL AID COULD, IT IS SUGGESTED, BE COUNTED AS PART OF THEIR CONTRIBUTION TO THE FUND, BUT THE GREATER PART OF EACH COUNTRY'S CONTRIBUTION, AT LEAST DURING THE FIRST FIVE YEARS OF ITS OPERATION, SHOULD BE DIRECT TO THE FUND. ON THIS BASIS, INITIAL FINANCE ENVISAGED FOR THE FUND MIGHT BE SAY TWO-THIRDS OVER A FIVE-YEAR PERIOD IN CASH OR IN PROMISSORY NOTES, AND SAY ONE-THIRD ON CALL IF THE MANAGEMENT OF THE FUND SHOULD REQUIRE IT FOR THE FULFILLMENT OF ITS LONGER-TERM OBJECTIVES. THE METHOD BY WHICH THE CONTRIBUTIONS WERE MADE CAN BE DISCUSSED BETWEEN GOVERNMENTS AND NEED NOT NECESSARILY BE UNIFORM: FOR EXAMPLE, SOME GOVERNMENTS MIGHT PREFER TO CONTRIBUTE CASH AT REGULAR INTERVALS IN EQUAL INSTALLMENTS. OTHERS MIGHT PREFER TO MAKE AVAILABLE PROMISSORY NOTES FOR ENCASHMENT AS DISBURSEMENTS BY THE FUND REQUIRE, A METHOD PERMITTED IN REPLENISHMENT OF THE RESOURCES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION. THE QUESTIONS OF THE CURRENCIES IN WHICH CONTRIBUTIONS SHOULD BE MADE, THE DEGREE AND STRUCTURE OF ANY ARRANGEMENT FOR TYING OF PROCUREMENT IN THE PARTICIPATING

CONFIDENTIAL

PAGE 06 STATE 206798

COUNTRIES AND PROVISION FOR THE LOCAL COSTS OF DEVELOPMENT PROJECTS CAN BE THE SUBJECT OF INTERGOVERNMENTAL CONSULTATION. THE NATURE OF THE ECONOMIC ASSISTANCE EXTENDED BY THE FUND SHOULD BE SUCH THAT THE CONTRIBUTIONS OF PARTICIPATING GOVERNMENTS WOULD BE EXPECTED TO QUALIFY AS OFFICIAL DEVELOPMENT ASSISTANCE IN ACCORDANCE WITH THE CRITERIA OF THE DEVELOPMENT ASSISTANCE COMMITTEE.

9. ON THIS BASIS, THE GOVERNMENT OF THE UNITED STATES WOULD, SUBJECT TO THE AUTHORIZATION AND APPROPRIATION OF FUNDS BY THE US CONGRESS, BE PREPARED TO CONTRIBUTE 40 PERCENT OF THE TOTAL RESOURCES OF THE FUND UP TO A MAXIMUM OF DOLS. 520 MILLION, THE MAJOR PART A DIRECT CONTRIBUTION TO THE FUND AND THE REST IN THE FORM OF BILATERAL ASSISTANCE; AND THE GOVERNMENT OF THE UNITED KINGDOM WOULD BE PREPARED, SUBJECT TO PARLIAMENTARY APPROVAL, TO CONTRIBUTE 15 PERCENT OF THE RESOURCES PROVIDED DIRECTLY TO THE FUND, UP TO A MAXIMUM OF 75 MILLION POUNDS, AND IN ADDITION TO PROVIDE 41 MILLION POUNDS OF BILATERAL AID, OVER A FIVE-YEAR PERIOD. THE US AND BRITISH CONTRIBUTIONS WOULD BE CONDITIONAL ON EACH OTHER AND ON CONTRIBUTIONS BEING FORTHCOMING FROM OTHER COUN-

TRIES ON AN EQUITABLE BASIS.

10. THE FUND WILL ALSO FACILITATE ACTION BY AGENCIES OF DONOR COUNTRIES TO MAKE APPROPRIATE NON-CONCESSIONAL LOANS AND GUARANTEES TO ENCOURAGE COMMERCIAL TRADE AND PRIVATE INVESTMENT FLOWS TO ZIMBABWE. THESE WOULD BE ADDITIONAL TO THE CONCESSIONARY CONTRIBUTIONS DISCUSSED ABOVE. THE FUND COULD ALSO PROVIDE SUPPORT FOR REGIONAL DEVELOPMENT PROJECTS AND TAKE PART IN ANY CONSORTIUM OR CONSULTATIVE GROUP ESTABLISHED TO COORDINATE DEVELOPMZNT  
CONFIDENTIAL

PAGE 07 STATE 206798

ASSISTANCE TO ZIMBABWE AND RELATE IT TO DEVELOPMENT AID TO THE SOUTHERN AFRICA REGION AS A WHOLE.

11. IT IS ENVISAGED THAT THE WORLD BANK WOULD MANAGE THE FUND'S RESOURCES AS AN AGENT OF THE FUND. MATTERS OF POLICY WOULD BE DISCUSSED AND DECIDED BY A GOVERNING BODY, WHICH MIGHT BE COMPOSED OF THE IBRD EXECUTIVE DIRECTORS REPRESENTING THE GOVERNMENTS CONTRIBUTING TO THE FUND, TOGETHER WITH REPRESENTATION FROM THE ZIMBABWE GOVERNMENT. VANCE.  
UNQUOTE CHRISTOPHER".

CONFIDENTIAL

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 22-Sep-1999 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC DEVELOPMENT, POLITICAL SETTLEMENT, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 30-Aug-1977 12:00:00 am  
**Decaption Date:** 22 May 2009  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE206798  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** AF/EPS:CCUNDIFF:SFB  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
**Expiration:**  
**Film Number:** D770312-1290  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t197708117/baaatqp.tel  
**Line Count:** 515  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, TEXT ON MICROFILM  
**Message ID:** 74ea5751-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN AF  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 10  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 14-Jan-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1446476  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ANNEX C (DESCRIPTION OF THE ZIMBABWE DEVELOPMENT FUND) OF BRITISH WHITE PAPER ON RHODESIAN SETTLEMENT PROPOSALS  
**TAGS:** PDEV, RH  
**To:** OSLO NIACT STOCKHOLM NIACT MULTIPLE  
**Type:** TE  
**vdkgvkey:** odb://SAS/SAS.dbo.SAS\_Docs/74ea5751-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009